

# City of Detroit

## CITY COUNCIL

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TO: Ruth Carter, Corporation Counsel  
Law Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 29, 2005

RE: 2005-2006 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2005-2006 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Roger Short, Budget Department Director  
Sean Werdlow, Chief Financial Officer  
June Ellis, Budget Department Team Leader  
Kandia Milton, Mayor's Office

## Law Department (32)

### FY 2005-06 Budget Analysis by the Fiscal Analysis Division

#### Summary

The Law Department is a General Fund agency. The recommended 2005-06 Budget totals \$17.57 million, a reduction of \$7.69 million (30.4%) from the current fiscal year. The department's net tax cost is \$14.46 million, which is also \$7.69 million less than the current fiscal year.

#### 2004-05 Surplus/(Deficit)

The Mayor anticipates that the Law Department will have an appropriation deficit of \$462,296, due to salary savings offset by a deficit in operating accounts.

#### Overtime

The department has an overtime budget of \$50,000 in the current fiscal year. As of March 31, 2005, the department spent \$3,145 on overtime 6%.

The recommended overtime budget for 2005-06 is \$27,000 a 46% reduction.

#### Personnel and Turnover Savings

The Mayor recommends a net decrease of 42 positions for 2005-06.

The Mayor has recommended no turnover savings for the Law Department for fiscal year 2005-06.

Following is information by appropriation comparing current FY 2003-04 positions, as of March 31, 2005 filled positions and FY 2005-06 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2004-05</u>	<u>Filled Positions 3/31/2005</u>	<u>Mayor's Budget Positions FY 2005-06</u>	<u>Over/(Under) Actual to 04/05 Budget</u>	<u>Mayor's Recommended Turnover</u>
<b>Law Department (32):</b>					
<b>00527 Administration &amp; Operations</b>	<b>185</b>	<b>178</b>	<b>143</b>	<b>(7)</b>	<b>\$ -</b>
<b>11544 Risk Management</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>\$ -</b>
32XXXX Leave of Absence	0	(1)	0	(1)	\$ -
32XXXX Unmatched Positions	0	0	0	0	\$ -
<b>TOTAL</b>	<b><u>188</u></b>	<b><u>180</u></b>	<b><u>146</u></b>	<b><u>(7)</u></b>	<b><u>\$ -</u></b>

## Proposed Layoffs and Vacant Position Reductions

The 2005-06 Budget requires 26 layoffs in the Law Department. In addition, 16 vacant positions have also been removed from the Law Department budget. Therefore, equaling a net decrease of 42 positions in 2005-06. According to the Budget Department, the Law Department indicates that its Litigation Section will be most impacted by the proposed layoffs.

The proposed changes are detailed below.

<b>Title</b>	<b>Deletes</b>	<b>Layoffs</b>	<b>Transfers</b>	<b>Total</b>
Chief Asst Corp Counsel	(1)			(1)
Supervising Asst Corp Counsel		(3)		(3)
Sr Assistant Corp Counsel	(3)	(3)		(6)
Assistant Corp Counsel	(2)	(7)		(9)
Legal Secretary	(5)	(6)		(11)
Legal Assistant	(2)	(6)		(8)
Micro Comp Support Splst	(1)			(1)
Sr Legal Secretary	(1)			(1)
Clerk	(1)			(1)
Messenger		(1)		(1)
<b>Totals</b>	<b><u>(16)</u></b>	<b><u>(26)</u></b>	<b><u>0</u></b>	<b><u>(42)</u></b>

## Significant Funding by Appropriation

### Appro.    Program

00527	Administration & Operations	This appropriation decreases by \$6.96 million, due primarily to the Mayor's recommendation to reduce positions with 26 layoffs and eliminating 16 vacant positions, which decreased salaries and wages by \$3.6 million; a \$2.9 million reduction in employee benefits, which consisted primarily of a \$1.9 million reduction in employee benefits-pension, a \$755,000 reduction in employee benefits-hospitalization, a \$495,000 reduction in employee benefits-hosp general and a \$195,000 reduction in employee benefits-social security, offset by a \$467,000 increase in employee benefits-pension-UAAL (unfunded actuarial accrued liability). In addition there is a \$427,000 reduction for Professional/Contractual Services, which include a \$307,483 legal costs, a \$120,000 for personal services contract-pd, for law clerks a \$182,000 reduction in court reporter, expert witness and medical exam costs, and reductions in various other accounts.
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00255	Legislative Liaison	This appropriation is reduced by \$659,000 due to the <u>elimination of the Lansing Lobbyist</u> in 2005-06. This appropriation includes Federal Legislative Liaison Services.
11544	Risk Management	This appropriation is reduced by \$70,000 due to primarily to the citywide 10% salary cut budgeted for 2005-06.

#### Significant Revenue Changes by Appropriation and Source

00527	Administration & Operations	This revenue appropriation budgeted at \$3.1 million remains unchanged in the 2005-06 FY.
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Professional and Contractual Services-Administration & Operations decrease by \$1.03 million, due primarily a \$427,483 in appropriation 00527 Administration, consisting of a reduction of \$307,483 legal costs, a \$120,000 for personal services contract-pd, for law clerks. In addition, also included is a \$602,860 reduction in legal costs in appropriation 00255 Legislative Liaison due to the elimination of the Lansing Lobbyist Office.

#### Issues and Questions

##### **Contractual Services and Budgeted FTE's of the Law Department 1998-99 through 2005-06**

	<b>FY 1998-99</b>	<b>FY 1999-00</b>	<b>FY 2001-02</b>	<b>FY 2002-03</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>	<b>FY 2004-05</b>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Recom'd</u>
<b>Law Dept.</b>							
<b>Contracts</b>	\$ 3,447,176	\$ 4,387,000	\$ 5,698,738	\$ 3,971,701	\$ 1,965,701	\$ 2,328,823	<b>\$ 1,298,480</b>
<i>Percentage</i>							
<i>Change +/-</i>		27.26%	29.90%	-30.31%	-50.51%	18.47%	<b>-44.24%</b>
<b>FTE's</b>	185	195	219	217	227	188	<b>146</b>
<i>Percentage</i>							
<i>Change +/-</i>		5.41%	12.31%	-0.91%	4.61%	-17.2%	<b>-22.35%</b>

In reviewing the budgetary history of the Law Department, FTE's are 21.1% below 1998-99 levels; however, the contractual dollar level of the department is approximately 62.34% below those of the same fiscal year.

- Given this disparity and the fact that this relates to 1998-99 dollars, how can the Law Department have adequate resources to provide the City sufficient representation in its legal affairs?

The 2005-06 budget requires 26 layoffs in the Law Department.

- Will the Law Department, with 26 layoffs, have enough staff available to adequately cover any additional work related to the activation of the Department of Administrative Hearings for a full fiscal year in 2005-06?
- Also regarding the impact of the layoffs, will the department have adequate staff in place to work to support the collection efforts of MBIA?

## **Pg 32-2 MAJOR INITIATIVES for FY 2004-05 and FY 2005-06**

One of the major initiatives of the department is that the Law Department, in conjunction with 36<sup>th</sup> District Court, is currently revamping and rewriting ordinances to increase fine revenue, as well as making the amount of City fines on par with other surrounding municipalities.

- What is the current status of this project? What is the finished project's projected impact on revenue?

## **Pg 32-4 ADMINISTRATION AND OPERATIONS MEASURES AND TARGETS**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2004-05
	Actual	Actual	Projection	Target
<b>Number of face-to-face contacts to assess client needs</b>	<u>1,215</u>	<u>1,549</u>	<u>1,714</u>	<u>2,248</u>
Difference		334	165	534
Percent change		27.49%	10.65%	31.16%
 <b>Involvement in City commercial transactions</b>	 <u>1,479</u>	 <u>1,480</u>	 <u>1,490</u>	 <u>1,540</u>
Difference		1	10	50

- Considering the proposed 42 layoffs in the Law Department in the upcoming fiscal year, are the FY 2004-05 targets listed above realistic estimates?

## **Pg 32-5 ADMINISTRATION AND OPERATIONS MEASURES AND TARGETS**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2004-05
	Actual	Actual	Projection	Target
<b>Total amount of judgments paid against the City</b>	<u>\$9.5 million</u>	<u>10 million</u>	<u>\$19 million</u>	<u>\$800,000</u>
Difference +(-)		\$500,000	\$9 million	(\$18.2 million)
Percent change		5.26%	111.1%	(95.79%)

- Given the proposed layoffs, is the estimate above of a target that equates to over a 95% decrease in judgments paid against the City realistic?
- What is the anticipated impact of the layoffs on the Law Department's day-to-day operations?
- What measures has the department undertaken to coordinate Risk Management efforts with other city departments, especially Police, DPW and DDOT, to help prevent lawsuit settlements and judgments against the city?

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